

EXHIBIT “E”

American Court Reporting

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IN THE FEDERAL COURT OF
THE NORTHERN DISTRICT OF ALABAMA

CIVIL ACTION NUMBER
2:06CV 377-WKW

PIONEER SERVICES, INC ,
Plaintiff,
vs
AUTO OWNERS INSURANCE
COMPANY,
Defendant

VIDEOTAPE DEPOSITION TESTIMONY OF:
HAROLD YOUNG

January 5, 2006
1 p m

COURT REPORTER:
APRIL R BENDINGER, CSR

1 offered in evidence, or prior thereto
2 In accordance with Rule 5(d) of
3 the Alabama Rules of Civil Procedure, as
4 amended, effective May 15, 1988, I, April R
5 Bendinger, am hereby delivering to MR HARRY
6 HALL the original transcript of the oral
7 testimony taken January 5, 2006, along with
8 exhibits

9 Please be advised that this is the
10 same and not retained by the Court Reporter, nor
11 filed with the Court
12
13

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1 STIPULATION
2 IT IS STIPULATED AND AGREED by and
3 between the parties through their respective
4 counsel that the videotape deposition of HAROLD
5 YOUNG may be taken before April R Bendinger,
6 Notary Public, State at Large, at the Offices of
7 South Central Agency in Andalusia, Alabama on
8 January 5, 2006, commencing at approximately
9 1 p m

10 IT IS FURTHER STIPULATED AND
11 AGREED that the signature to and the reading of
12 the deposition by the witness is waived, the
13 deposition to have the same force and effect as
14 if full compliance had been had with all laws
15 and rules of Court relating to the taking of
16 depositions

17 IT IS FURTHER STIPULATED AND
18 AGREED that it shall not be necessary for any
19 objections to be made by counsel to any
20 questions, except as to form or leading
21 questions and that counsel for the parties may
22 make objections and assign grounds at the time
23 of trial or at the time said depositions is

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4 Mr Pearson 121
5 Certificate 131
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<p>1 APPEARANCES</p> <p>2</p> <p>3 FOR THE PLAINTIFF:</p> <p>4 Mr. Harry Hall</p> <p>5 FARMER, PRICE, HORNSBY & WEATHERFORD</p> <p>6 100 Adris Place</p> <p>7 Dothan, Alabama 36303</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12 FOR THE DEFENDANT, AUTO OWNERS:</p> <p>13 Mr. Joel Pearson</p> <p>14 MORROW, ROMINE & PEARSON</p> <p>15 122 South Hull Street</p> <p>16 Montgomery, Alabama 36103</p> <p>17</p> <p>18 OF COUNSEL FOR HAROLD YOUNG:</p> <p>19 Mr. James Robertson</p> <p>20 SCOTT, SULLIVAN, STREETMAN & FOX</p> <p>21 301 St. Louis Street</p> <p>22 Mobile, Alabama 36602</p> <p>23</p>	<p>1 Q Have you ever given a deposition</p> <p>2 before?</p> <p>3 A Yes</p> <p>4 Q Tell me what circumstance Were</p> <p>5 you a party to a lawsuit or witness or what?</p> <p>6 A Personal</p> <p>7 Q What does that mean?</p> <p>8 A It was a personal lawsuit</p> <p>9 Q Personal lawsuit Thank you</p> <p>10 Were you a party to the lawsuit?</p> <p>11 A I was the plaintiff</p> <p>12 Q Did it involve injury of some kind</p> <p>13 or business matter?</p> <p>14 A No Personal</p> <p>15 Q All right How long ago was that?</p> <p>16 A Six years ago</p> <p>17 Q In what county?</p> <p>18 A Covington</p> <p>19 Q It was a civil lawsuit, not a</p> <p>20 criminal matter?</p> <p>21 A Yes, civil</p> <p>22 Q And that had to do with your</p> <p>23 personal claims, nothing to do with a business</p>
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<p>1 I, April R. Bendinger, a Court</p> <p>2 Reporter of Dothan, Alabama, and a Notary Public</p> <p>3 for the State of Alabama at Large, acting as</p> <p>4 Commissioner, certify that on this date,</p> <p>5 pursuant to the Federal Rules of Civil</p> <p>6 Procedure, and the foregoing stipulation of</p> <p>7 counsel, there came before me at the Offices of</p> <p>8 Auto Owners in Andalusia, Alabama, commencing at</p> <p>9 approximately 1 p.m. on January 5, 2006, HAROLD</p> <p>10 YOUNG in the above cause, for oral examination,</p> <p>11 whereupon the following proceedings were had:</p> <p>12</p> <p>13 HAROLD YOUNG,</p> <p>14 being first duly sworn, was examined and</p> <p>15 testified as follows:</p> <p>16 EXAMINATION BY MR. HALL:</p> <p>17 Q Mr. Young, my name is Harry Hall</p> <p>18 I represent Pioneer Services Inc -- Pioneer</p> <p>19 Telephone Service, Inc., actually, and I will</p> <p>20 refer to them today as Pioneer, if that's all</p> <p>21 right with you You will know what I am</p> <p>22 referring to, won't you?</p> <p>23 A. Oh, yeah.</p>	<p>1 matter?</p> <p>2 A No, sir</p> <p>3 Q And you gave a deposition in that</p> <p>4 matter?</p> <p>5 A I did</p> <p>6 Q Who was your attorney in --</p> <p>7 A Allen Cook, Jr</p> <p>8 MR. ROBERTSON: Just let him</p> <p>9 finish his questions before you answer so April</p> <p>10 can get it down</p> <p>11 Q I appreciate the assistance, but</p> <p>12 because of the formality and what we're trying</p> <p>13 to do, it comes out badly when we jump in to</p> <p>14 help each other out, so let me give you some</p> <p>15 suggestions on how we might proceed to make this</p> <p>16 go smoothly I will ask a series of questions,</p> <p>17 and when I finish, I need for you to respond I</p> <p>18 will try to not start talking until you finish</p> <p>19 answering, if you won't answer until I'm</p> <p>20 finished asking</p> <p>21 A Okay</p> <p>22 Q Good Another thing is frequently</p> <p>23 in conversations people go huh-huh and uh-huh</p>

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1 question, and that was your answer to that
 2 question Okay?
 3 A Yes, sir
 4 Q South Central Agency, you and John
 5 Tomberlin, y'all are part owners of this agency,
 6 correct?
 7 A Yes, sir.
 8 Q It's an independent insurance
 9 agency?
 10 A Yes
 11 Q And South Central Agency sells
 12 insurance products for a number of different
 13 carriers?
 14 A Yes
 15 Q Earlier today you were asked about
 16 the number of Auto Owners insurance policies
 17 that you sold, and that you may have increased
 18 the number of Auto Owners policies that you sold
 19 in the last several years Do you remember that
 20 testimony?
 21 A Yes, sir
 22 Q Is there some reason for that?
 23 A Yes, sir.

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1 Q If you would, tell us why
 2 A Well, if you have growth and
 3 produce more numbers with Auto Owners or whoever
 4 it is, that increase the size of your business
 5 therefore it increases your revenue.
 6 Q Does the number of policies that
 7 you sell for a particular carrier also depend on
 8 the number of carriers that are selling
 9 insurance in that area -- in your area, down
 10 here in Covington County?
 11 A Yes, sir
 12 Q Since Hurricane Ivan, have the
 13 number of carriers selling insurance and writing
 14 insurance in your area increased or decreased?
 15 A Decreased
 16 Q But Auto Owners is still writing
 17 insurance policies for the citizens of Covington
 18 County?
 19 A Yes, sir
 20 Q Do you have any knowledge how many
 21 carriers -- just in your small business here --
 22 how many carries are writing policies here in
 23 Covington County?

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1 A Of course, I don't know exactly
 2 the number, but I know we got ours down to six
 3 carriers
 4 Q Okay. Now, your agency here is,
 5 like you say, an independent insurance agency,
 6 correct?
 7 A Yes, sir
 8 Q Y'all have independent agency
 9 contract with Auto Owners?
 10 A Yes.
 11 Q And you have a similar contract
 12 with other insurance companies?
 13 A Yes, sir.
 14 Q And neither you nor Mr Tomberlin
 15 or anybody here at South Central Agency adjust
 16 claims, do they?
 17 A No.
 18 Q And nobody here in this agency,
 19 including you and Mr Tomberlin or Cindy
 20 Roughton or anybody else here, makes claims
 21 decisions, do they?
 22 A No, sir
 23 Q I believe I understood you earlier

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1 today to say your primary responsibility with
 2 regard to a claim by a client is that if they
 3 have a loss or a claim, that you will report
 4 that loss to the particular insurance company
 5 for them, correct?
 6 A Yes, sir
 7 Q And normally at that point, it's
 8 between the insurance company and the insured as
 9 to what is done with that claim; is that
 10 correct?
 11 A Yes, sir
 12 Q And as far as the -- you never saw
 13 any of the personal property that is the subject
 14 of Pioneer Services' claim with Auto Owners, you
 15 never have seen any of that property, have you?
 16 A No, sir
 17 Q And with regard to that property,
 18 you never had any discussions with
 19 Mr Williamson or anyone else with Pioneer
 20 Services about that they could dispose of that
 21 property, did you?
 22 A No
 23 Q You never instructed

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1 Mr Williamson or anyone with Pioneer that they
 2 could dispose of that property, did you?
 3 A Absolutely not
 4 Q There are all types of losses that
 5 may or may not be covered under insurance
 6 policies, aren't there?
 7 A Yes, sir
 8 Q And I assume your agency here has
 9 people come in all the time with automobile
 10 accidents, don't they?
 11 A Yes, sir
 12 Q And y'all report those automobile
 13 accidents to insurance companies?
 14 A Yes
 15 Q And the people with those property
 16 claims, do they go through the insurance
 17 companies, including Auto Owners, to adjust
 18 those claims and for the company to come out and
 19 look at the automobile involved in the accident?
 20 A Yes
 21 Q Have you ever had a circumstance
 22 where someone disposed of property that was the
 23 subject of a claim in the middle of the

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1 adjustment of the claim?
 2 A No, sir
 3 Q And on a similar basis, that would
 4 be similar to somebody that's involved in a car
 5 wreck selling the car during the adjustment of
 6 the claim?
 7 MR HALL: Object to the form
 8 A Yes
 9 Q Would you consider that to be a
 10 correct analogy?
 11 A Yes, sir
 12 Q Even where there are losses to
 13 property -- and I know your agency doesn't
 14 adjust the claim, but folks with loss of
 15 property, have you ever had any circumstances
 16 where the insurance company, even if the
 17 property is a total loss, will sell the salvage
 18 of the property and expects to obtain
 19 reimbursement for that salvage value of the
 20 property?
 21 A I'm sorry?
 22 Q For instance, let's take it to an
 23 automobile accident. The car is totaled out in

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1 an automobile accident, and I'm not asking a
 2 particular circumstance, but in a case that the
 3 car is totaled out, won't the car be totaled and
 4 the insurance company will transfer title of
 5 that car and sell salvage and that helps them
 6 recoup the loss that they paid?
 7 A Yes, sir
 8 Q In that circumstances, it is very
 9 important for the insured to maintain possession
 10 of the property?
 11 A Yes
 12 Q I thought I saw some records in
 13 here, and I believe you mentioned earlier where
 14 Pioneer had coverage with Southern Guaranty at
 15 one time?
 16 A Yes
 17 Q Do you know anything about claims
 18 or nature of the claims Pioneer had with
 19 Southern Guaranty or any other insurance
 20 company?
 21 A Other than just filing a loss
 22 report, no, sir
 23 Q Do you know what types of claim he

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1 had with Southern Guaranty?
 2 A I think he had automobile claims
 3 and maybe some property claims
 4 Q Do you know whether the insurance
 5 with Southern Guaranty -- how it came to be
 6 written with Auto Owners? Was their coverage
 7 with Southern Guaranty canceled, or did y'all
 8 find a better rate with Auto Owners or what were
 9 the circumstances?
 10 A I believe we moved from Southern
 11 Guaranty to Auto Owners because it was a better
 12 rate
 13 Q Do you have any estimate as to the
 14 number of claims Pioneer had with Southern
 15 Guaranty while the policy was with him?
 16 A I don't know exactly how many, but
 17 he had some auto and property claims
 18 Q I think that's all I believe you
 19 told me you thought your agency here had 300 to
 20 400 Ivan-related claims with all companies; is
 21 that correct?
 22 A I think that would be close, yes,
 23 sir. I'm not exactly sure how many we had, but

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<p>1 it was several hundred with all companies.</p> <p>2 Q Did I understand you correctly, to</p> <p>3 your knowledge, the only Hurricane Ivan</p> <p>4 lightning related claims were those of Pioneer</p> <p>5 or Mr. Williamson? Did I understand that</p> <p>6 correctly or not?</p> <p>7 A Lightning related claims were</p> <p>8 prior to the hurricane, if I'm not mistaken I</p> <p>9 don't remember any lightning related claims to</p> <p>10 the hurricane</p> <p>11 Q That's what I'm asking you about</p> <p>12 On September 16, 2004, I believe is the correct</p> <p>13 date</p> <p>14 A Right</p> <p>15 Q And that's what you're telling me</p> <p>16 that you don't recall any?</p> <p>17 A No, sir</p> <p>18 Q Have you told us today about all</p> <p>19 conversations that you had with anyone with Auto</p> <p>20 Owners about the Pioneer claims?</p> <p>21 A Yes, sir</p> <p>22 Q And you have related the substance</p> <p>23 of those conversations to us the best that you</p>	<p>1 C E R T I F I C A T E</p> <p>2</p> <p>3 STATE OF ALABAMA)</p> <p>4 MONTGOMERY COUNTY)</p> <p>5</p> <p>6 I hereby certify that the above</p> <p>7 and foregoing deposition was taken down by me in</p> <p>8 stenotype, and the questions and answers thereto</p> <p>9 were transcribed by means of computer-aided</p> <p>10 transcription, and that the foregoing represents</p> <p>11 a true and correct transcript of the deposition</p> <p>12 give by said witness upon said hearing</p> <p>13 I further certify that I am</p> <p>14 neither of counsel nor of kin to the parties to</p> <p>15 the action, nor am I in any way interested in</p> <p>16 the result of said cause</p> <p>17</p> <p>18</p> <p>19 APRIL BENDINGER, CCR</p> <p>20 CERTIFICATE NUMBER CCR-384</p> <p>21</p> <p>22 My Commission Expires</p> <p>23 June 8, 2008</p>
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<p>1 recall?</p> <p>2 A Yes, sir</p> <p>3 Q Do you recall when you learned of</p> <p>4 Mr. Williamson's or Pioneer's disposal of the</p> <p>5 equipment, Pioneer's equipment? Do you recall</p> <p>6 when you first learned of that?</p> <p>7 A No, sir, I don't</p> <p>8 Q Okay Well, do you recall when</p> <p>9 you became aware that the property had been</p> <p>10 disposed of by Mr. Williamson and Pioneer, that</p> <p>11 that was already after the property had been, in</p> <p>12 fact, disposed of?</p> <p>13 A Yes, sir</p> <p>14 Q Okay And you didn't have any</p> <p>15 discussion with anyone with Pioneer or</p> <p>16 Mr. Williamson regarding the disposal of the</p> <p>17 property, prior to the disposal?</p> <p>18 A No, sir</p> <p>19 MR PEARSON: That's all</p> <p>20 MR HALL: Nothing further Thank</p> <p>21 you</p> <p>22 ENDED AT 4:03 p m</p> <p>23 FURTHER DEPONENT SAITH NOI</p>	

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